



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

January 21, 2004

Ms. Linda Lewis, Chairman,
and Members of the Board of Commissioners
Housing Authority of the Town of Arcadia
P.O. Box 210
Arcadia, LA 71001

Dear Ms. Lewis:

We performed a limited review of the financial records of the Housing Authority of the Town of Arcadia (Authority) for the period beginning January 1, 2003, and ending November 30, 2003. We also reviewed the Authority's policies and procedures as well as the board meeting minutes. The scope of our work was significantly less than those required by *Government Auditing Standards* in the audit of the Authority's financial statements; therefore, we are not offering an opinion on the Authority's financial statements, the Authority's system of internal control, or assurance as to compliance with laws and regulations.

As part of our review, we noted certain matters that we want to bring to the attention of the Board and management for consideration. We offer the following comments and suggestions:

1. Lack of Policies and Procedures

- a. **Purchasing:** The Authority does not use purchase requisitions/purchase orders to aid in the purchasing function. Also, the Board does not approve purchases. The Authority should amend the current purchasing policy to include the use of purchase requisitions/purchase orders to provide for approval prior to purchase. In addition, the Board should review each purchase to determine if it is in the best interest of the Authority.
- b. **Budgeting:** Written policies and procedures should be established that will provide guidelines necessary in managing the Authority's budget. A written budget policy containing detailed procedures for preparing, adopting, monitoring, and amending the budget will provide compliance with Louisiana Revised Statutes 39:1301-1315.
- c. **Financial Reporting:** Monthly financial statements are not submitted to the Board for review. The Board should be provided with the monthly financial statements and budget comparisons for all funds at each Board meeting. A written policy

should be adopted that provides for the nature, extent, and frequency of reporting financial information to the Board.

- d. **Disbursements:** Written procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done, and that the procedures followed meet management's expectations. The Authority should develop procedures to ensure that funds are disbursed in a manner consistent with expectations and to ensure that disbursements are for the benefit of the Authority. This policy should provide for adequate documentation to support the business purpose of each disbursement.
- e. **Credit Cards:** Written policies and enforced procedures that provide guidance for the business use and supporting documentation of credit cards should be established. The credit card statement alone does not provide sufficient documentation. The Authority should require detailed documentation of each credit card purchase.
- f. **Cellular Phones:** The Authority owns two cell phones and allows its employees to make personal calls from these phones. However, employees are not required to reimburse the cost of personal cell phone calls. Written policies and procedures for the business use and care of cellular phones should be established that (1) contain guidelines for the issuance of cellular phones to employees based on employee duties and responsibilities; (2) require a review of cellular phone contracts annually to determine the minimum amount of airtime minutes needed per month and negotiate a new contract when the existing contract expires; (3) require employees who are issued a cellular phone to review their monthly bill and identify personal calls made or received; (4) require employees to reimburse the Authority, at a standard rate for each minute, for personal calls; and (5) require review of the monthly bills for propriety and reasonableness of phone usage.
- g. **Payroll Processing:** The Authority should adopt policies and procedures that provide guidance as to how frequently payroll will be processed, what to do if a check is lost or stolen, and how to handle discrepancies in check amount, withholdings, or deductions.
- h. **Investments:** Written policies and procedures should be adopted that detail and clarify investment objectives as well as the procedures and constraints necessary to reach those objectives.
- i. **Records:** The Authority does not have a formal records retention schedule but does maintain records for at least three prior years. The Authority should develop a records retention schedule and seek approval from the Louisiana Secretary of State.
- j. **Ethics:** Louisiana law requires compliance with the Louisiana Code of Governmental Ethics, Title 42 of the Louisiana Revised Statutes. The Authority

should adopt a formal ethics policy and should require annual certification from board members and employees attesting to their compliance.

- k. **Inventories:** The Authority should adopt a written policy containing procedures that provide for the accurate accountability of inventory. This policy should include the detailed procedures for using purchase and work orders to maintain a current inventory list. Periodic physical inventory counts should be conducted to ensure accuracy of inventory.
- l. **Information Systems:** The Authority does not have a written back-up contingency and recovery plan in the event of a disaster. The Authority should develop a contingency and recovery plan and store a back-up copy of all electronic files offsite.
- m. **Capital Assets:** Not all of the Authority's movable property is tagged and the Authority's vehicles do not bear public license plates or other required markings identifying those vehicles as public vehicles. Louisiana Revised Statute 42:121 provides, in part, that any automobile, truck, or other vehicle belonging to the State or to any of its political subdivisions shall bear a public license plate and shall be inscribed, painted, decaled, or stenciled with the name of the board, commission, department, agency, or political subdivision to which it belongs. Management should inspect all movable property and ensure that it is tagged. Also, management should comply with Louisiana law by placing public license plates and other required markings on all its vehicles.

2. **Noncompliance with Policies and Procedures**

- a. **Payroll and Attendance Records:** Employee personnel files are not complete. Personnel files should contain, at a minimum, (1) documentation of the employee's approved pay rates; (2) a completed Form I-9 for all employees hired after November 6, 1986; (3) completed federal and state income tax withholding forms (Forms W-4 and L-4); (4) an employment application form; and (5) a job description. Also, employees are not required to fill out detailed time and attendance reports. The Authority should review each employee personnel file and ensure that these minimum requirements are met. The Authority should also require employees to fill out detailed time and attendance reports including salaried employees.

Housing Authority of the Town of Arcadia
January 21, 2004
Page 4

This letter is intended for the information and use of the management of the Arcadia Housing Authority and is not intended to be, and should not be, used by anyone other than management. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

If you have any questions, please contact me at (225) 339-3839 or Mr. Daryl Purpera at (225) 339-3807.

Sincerely,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

JM:EL:DGP:dl

[ARCADIAHA04]